



**Office of the Attorney General
Paul G. Summers**

NEWS RELEASE

Office of the Attorney General at
P.O. Box 20207 Nashville, TN 37202-0207

FOR IMMEDIATE RELEASE

March 24, 2004

#04-11

CONTACT:

Sharon Curtis-Flair

(615) 741-5860

TELEPHONE RATEPAYERS WILL SAVE \$2 MILLION ANNUALLY

Tennessee Attorney General Paul G. Summers is pleased with the recent Tennessee Regulatory Authority (TRA) decision to deny a telephone tariff filed by BellSouth Telecommunications, Inc. that would have substantially increased local telephone bills.

Thousands of customers statewide will save nearly \$2 million per year as a result of the decision.

"We are pleased with the TRA's decision," General Summers said. "Our job is to protect the interests of Tennessee consumers and will continue to work diligently to that end."

Attorney General Summers and his staff had opposed the increase through filings before the TRA. Under BellSouth's tariff proposal, customers located in 56 communities across Tennessee would have been reclassified into a more expensive rate classification. The action would have increased some consumers' local line charges from 2.6% to 19.8%, depending on the community.

The Attorney General alleged the proposed tariff would have violated the state's price regulation law that the Legislature passed in 1995. Under that law, a telephone company that elects to have its rates governed by a price regulation plan must adhere to certain statutory caps on telephone rates and charges. The TRA approved BellSouth's decision to operate under price regulation in 1998.

At issue in this case was whether BellSouth's proposed reclassification of customers constituted a rate increase subject to the price regulation law. BellSouth argued its tariff did not raise

local telephone rates within the meaning of the statute. It further contended the reclassification plan was needed to correct an existing BellSouth tariff. The Attorney General, however, said the plan violated a provision of the price regulation law, which prohibits a company from raising residential telephone rates by more than the national inflation rate.

A three-member panel hearing the case unanimously voted to grant the Attorney General's motion for summary judgment on the ground that BellSouth's tariff would increase residential telephone rates by more than the rate of inflation.

The order on the ruling has not been issued, is not final and is subject to appeal.